

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF BUSINESS REGULATION
INSURANCE DIVISION
Application for a R.I. Certificate of Authority
For a Foreign Life and Health or Property and Casualty Company

Rhode Island (R.I.) has adopted the National Association of Insurance Commissioners' Uniform Certificate of Authority Application (the "NAIC UCAA") for foreign Life and Health (L&H) and Property and Casualty (P&C) insurance companies. Other types of foreign companies (HMOs, Title companies, Fraternal Societies, Captives, RRGs, Surplus Line companies, Reciprocal Exchanges, and Authorized or Accredited Reinsurers) as well as any domestic insurance companies should contact the Chief Insurance Examiner, Jack Broccoli for specific instructions when applying. Foreign company applications are accepted, reviewed, and processed pursuant to R.I. Insurance Regulation 30 ("Reg. 30"). Applications are reviewed in chronological order, based on their date of receipt. Applications received after November 1 of any year will be reviewed beginning in late winter or early spring of the following year. Whether received before or after November 1, in addition to a non-refundable \$1,000 fee due at time of application, we will request payment of a non-refundable \$1,500 review fee when we are ready to begin the review of an applicant company. Foreign L&H or P&C insurance companies contemplating applying for a R.I. Certificate of Authority should familiarize themselves with the following items:

R.I. Reg. 30:

The R.I. Insurance Division's Reg. 30, is available from our web site on-line at:

http://www.dbr.state.ri.us/rules_regs/insur/Insurance%20Regulation%2030.pdf

Reg. 30 sets forth the standards for any foreign L&H or P&C insurance company seeking to be licensed to transact business in R.I. Reg. 30 also indicates the conditions for consideration for licensure, filing requirements, and some of the procedures that we will follow in our review of a company's application.

NAIC UCAA Expansion Application:

Pursuant to Reg. 30, as amended effective December 19, 2001, applications for a R.I. Certificate of Authority must follow the standards established by the NAIC UCAA. A foreign L&H or P&C insurance company must use the Expansion Application which is available on-line at: http://www.naic.org/industry_ucaa_expansion.htm.

R.I. State-Specific Information:

The following R.I.-specific items have been excerpted from both Reg. 30 and the NAIC UCAA Expansion Application; these R.I.-specific items are in addition to the general items that apply to an application to any state:

• **Filing Fee:**

Rhode Island General Law (R.I.G.L.) Chapter 27-2.1 mandates a non-refundable application fee of \$1,000 for new foreign company applications. That check should be made payable to the R.I. General Treasurer and should be submitted with the application.

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Once your company's application has been accepted and is ready to be reviewed, you will be notified of that fact and will be asked to submit an additional, nonrefundable review fee of \$1,500. That check should also be made payable to the R.I.

General Treasurer.

NOTE: Pursuant to R.I.G.L. §27-2-17(a), these fees are subject to retaliation if the company's state of domicile would charge a R.I. insurance company a higher fee.

- **Minimum Capital and Surplus Requirements:**

R.I.G.L. §27-2-5 stipulates that a foreign stock L&H or P&C company have at least \$1,000,000 of paid-in capital stock and \$2,000,000 of surplus; and that a foreign mutual L&H or P&C company must have at least \$3,000,000 of total surplus.

- **Statutory Deposit Requirements:**

R.I.G.L. §27-2-6 stipulates that a foreign L&H or P&C company maintain a deposit with a minimum market value of \$100,000 in its state of domicile for the benefit of all policyholders. A certified copy of the company's domestic deposit must be submitted with the company's application.

R.I.G.L. §27-2-6.1 authorizes the insurance commissioner, at his or her discretion, to require an additional special deposit for the benefit of all R.I. policyholders as a condition to licensing.

Pursuant to R.I.G.L. §27-2-17(a), such deposits are subject to retaliation if the company's state of domicile would require a like R.I. company to have a larger deposit. In the event that a retaliatory deposit or a special deposit is required, we would advise you of the amount required and provide routing details at that time.

- **Name Approval:**

R.I. does not reserve names. Generally, R.I. will rely on the domestic state insurance department/division's acceptance of a company's name. However, we will not approve an application from a company whose name is the same as or similar to a company already licensed in R.I., nor will we approve an application from a company whose name, in our estimation, would tend to create confusion in the minds of policyholders.

- **Business Plan:**

The detailed Business Plan must include direct written premium and loss projections for a P&C company, or direct paid premium projections for a L&H company, for R.I. business for each of the next three years. That Business Plan must be certified by the company's Corporate Secretary.

- **Reports of Examination:**

The company must submit a copy of the most recent Financial Examination and Market Conduct Examination Reports, currently certified by its domestic insurance department/division as the most recent Examination Report of either type. We prefer that the published date of the Financial Examination Report be no more than three years prior to the date of the application, but if the domestic department/division has not completed a Financial Examination within the last three years, consideration will be given to an older Financial Examination Report.

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- **Statutory Memberships:**

R.I.G.L. §27-34-6 requires that all P&C insurers shall be and remain members of the R.I. Insurers' Insolvency Fund. Contact: Tel. #: 800-852-2003.

R.I.G.L. §27-34.3-6(a) requires that all L&H insurers shall be and remain members of the R.I. Life and Health Insurance Guaranty Association. Contact: William Dixon; Tel. #: 401-273-2921.

R.I.G.L. §31-33-8 and R.I. Insurance Regulation 98 (Reg. 98) require that all automobile insurers must participate in the R.I. Automobile Insurance Plan (the "R.I. Assigned Risk Plan"). A company applying for a R.I. Certificate of Authority that will include those lines of business must submit a statement on company letterhead, signed by the appropriate company official and certifying that the company will become a member of the R.I. Automobile Insurance Plan upon approval and issuance of its R.I. Certificate of Authority. Contact: Anthony Madalone, Mgr.; Tel. #: 401-528-1320.

R.I.G.L. §27-33-2 and R.I. Insurance Reg. 15 require that all insurers licensed to write those classes of insurance listed in §27-8-1 and §27-8-3 on a direct basis, must participate in the basic property insurance program established in R.I., the R.I. Joint Reinsurance Association (the "R.I. FAIR Plan"). A company applying for a R.I. Certificate of Authority that will include those lines of business must submit a statement on company letterhead, signed by the appropriate company official and certifying that the company will become a member of the R.I. Joint Reinsurance Association upon approval and issuance of its R.I. Certificate of Authority. Contact: John K. Golembeski, President; Tel. #: 800-851-8978.

R.I.G.L. §42-14.1-1 and R.I. Insurance Reg. 21 require that all insurers licensed to write "personal injury liability insurance" on a direct basis must be members of the Medical Malpractice Joint Underwriting Association of R.I. (MMJUA-RI). Contact: James M. Vaccarino; Tel. #: 401-752-8600.

- **Public Records:**

The following required items will be public documents when received:

The most recent Annual and Quarterly Statements;

The most recent Actuarial Opinion and Management Discussion and Analysis;

The most recent CPA Audited Financial Report;

The most recent Financial Examination and Market Conduct Examination Report;

The completed Application Form itself;

Current Articles of Incorporation and By-Laws; and

The appointment for service of process.

The following required item will NOT be a public document, but must still be filed:

The most recent Holding Company Filing ("Form B"). **PLEASE NOTE**, however, that if the applicant company's state of domicile insurance holding company disclosure requirements and standards are substantially similar to the requirements of R.I.G.L. §27-35-1 *et seq.*, the applicant shall submit **only** an affidavit attesting to that "substantial similarity" **and shall not** submit a full Form B filing. If such an affidavit cannot be provided, the Form B filing should be submitted with a cover letter explaining the absence of "substantial similarity".

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- **NAIC Biographical Affidavits or Business Character Reports:**

The NAIC Biographical Affidavit certified by an independent third party that has conducted a comprehensive review of the applicant's background and has certified that the Biographical Affidavit has no inaccurate or conflicting information and no material omissions, is accepted. R.I. does **not** require the filing of fingerprint cards.

- **On-Line R.I. General Laws and Insurance Regulations:**

General Laws at: <http://www.rilin.state.ri.us/Statutes/Statutes.html> ;

Insurance Regulations at: http://www.dbr.state.ri.us/rules_regs/id_rules.html

- **Power of Attorney:**

No foreign insurance company may transact business in R.I. until it has appointed, in writing, and to be accompanied by a certified copy of the resolution of its Board of Directors authorizing the appointment of the Insurance Commissioner as attorney to receive service of process. A blank Power of Attorney with Certification form can be obtained on-line at: http://www.dbr.state.ri.us/pdf_forms/poa.pdf .

- **Variable Life and/or Variable Annuity:**

If the proposed lines of business for a L&H company include variable life and/or variable annuity authority, the applicant company must also submit (a.) a written opinion as to whether the applicant company's state of domicile regulation provides a degree of protection to policyholders and the public which is substantially equal to that provided by R.I.G.L. Chapter 27-32; and (b.) documentation showing that the company has established a separate account(s).

- **Form B:**

Pursuant to R.I.G.L. §27-35-3(a), if the applicant company's state of domicile insurance holding company disclosure requirements and standards are substantially similar to the requirements of R.I.G.L. §27-35, submit **only** an affidavit attesting to that "substantial similarity"; **do not submit** a full Form B filing. If such an affidavit cannot be provided, the Form B filing should be submitted with a cover letter explaining the absence of "substantial similarity". (See UCAA Expansion Application Form No. 1E, Question 7).

- **Retaliatory Statement:**

A Retaliatory Statement, completed by the company's domestic Insurance Department/Division, must be submitted with the application. The company should obtain a blank R.I. Retaliatory Statement from the R.I. Insurance Division's web site at: http://www.dbr.state.ri.us/pdf_forms/insur/RetaliatoryStatement.PDF . (See Expansion Application Form No. 1E, Question 12c).

- **Contacts:**

If, during the course of the application and review process any of the items above are updated, the company is expected to keep its application current with copies of the new or updated item. All of the above items, including the \$1,000 application fee, should be sent as a single package to the attention of Matt DiMaio, Principal Licensing Insurance Examiner, at the R.I. Insurance Division, Suite 233, 233 Richmond St., Providence, RI 02903-4233.

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Prior to approval of the company's application, if you have any questions with regard to the application process, feel free to contact:

Matt DiMaio, Principal Licensing Insurance Examiner

Telephone: (401) 222-5454 or

E-mail: mdimaio@dbr.state.ri.us ;

Jack Broccoli, Chief Insurance Examiner

Telephone: (401) 222-5447 or

E-mail: JCKBR@dbr.state.ri.us

Or either of those

By Fax: (401) 222-5475

Subsequent to approval of the application, and issuance of its R.I. Certificate of Authority, communications for foreign companies should be directed to Matt DiMaio.